

ORDER ADOPTING REPORT OF EXAMINATION

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of the ConnectiCare Insurance Company, Inc. ("CIC") as of December 31, 2014, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,


TO WIT:

1. I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("CGS").
2. CIC is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On August 13, 2015, the verified Report of CIC was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with CGS §38a-14(e) (3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On September 15, 2015, CIC filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of CIC hereby is adopted as filed with the Department.
2. That CIC shall comply with all of the recommendations set forth in the Report, and that the failure of CIC to so comply shall result in sanctions or administrative action as provided by Title 38a of the CGS.

Dated at Hartford, Connecticut this 18th day of September, 2015

A handwritten signature in cursive script that reads "Katharine L. Wade". The signature is written in black ink and is positioned above a horizontal line.

Katharine L. Wade
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF

CONNECTICARE INSURANCE COMPANY, INC.

AS OF

DECEMBER 31, 2014

BY THE

CONNECTICUT INSURANCE DEPARTMENT

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July 31, 2015

The Honorable Katharine L. Wade
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, CT 06103

Dear Commissioner Wade:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a financial examination of the condition and affairs of:

CONNECTICARE INSURANCE COMPANY, INC.

(hereinafter referred to as the Company or CICI), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory and main administrative office located at 175 Scott Swamp Road, Farmington, CT. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted as of December 31, 2010. The current examination which covers the subsequent four year period through December 31, 2014, was conducted at the statutory home office of the Company. Concurrent examinations were conducted on ConnectiCare, Inc. (CCI) and ConnectiCare Benefits, Inc. (CBI), affiliated Connecticut domestic insurance companies which are members of EmblemHealth Inc. (EmblemHealth), a not-for-profit, New York domiciled company. The State of Massachusetts' Division of Insurance also concurrently conducted a financial examination of ConnectiCare of Massachusetts, Inc.

The examination was conducted on a full scope, comprehensive basis, in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company, by obtaining information about the Company, including corporate governance and inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and management compliance with the Statement of Statutory Accounting Principles and the Annual Statement Instructions. All accounts and activities of the Company were considered in accordance with the risk-focused surveillance examination process.

As part of the examination planning procedures, the Financial Regulation Division of the Connecticut Insurance Department (the Department) reviewed the following documentation submitted by the Company, for the period under examination:

- Annual Statements filed with the Department from 2011 through 2014;
- Statements of Actuarial Opinion;
- Management's Discussion and Analysis from 2011 through 2014;
- Documentation supporting Section 404 of the Sarbanes-Oxley Act (SOX);
- Reports of the Company's Internal Audit Department; and
- Minutes of the Board of Directors (Board), affiliate and custodial agreements and other documents related to significant transactions that require prior approval or requests for deviations from the NAIC Accounting Practices and Procedures Manual.

A review of the 2011 through 2014 statutory basis audit reports prepared by Deloitte & Touche, LLP (D&T), the Company's independent certified public accountants, indicated no material concerns with respect to financial condition or regulatory compliance issues. Work papers prepared by D&T, as of December 31, 2013 and 2014, in connection with their annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

A comprehensive review was also made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, as well as reports obtained from the NAIC database.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the Department to assist in the review of the Company's actuarial risks.

The Department conducted a review of the Company's information technology (IT) general controls to provide assurance regarding the Company's IT operating controls.

Comments in this examination report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in the report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

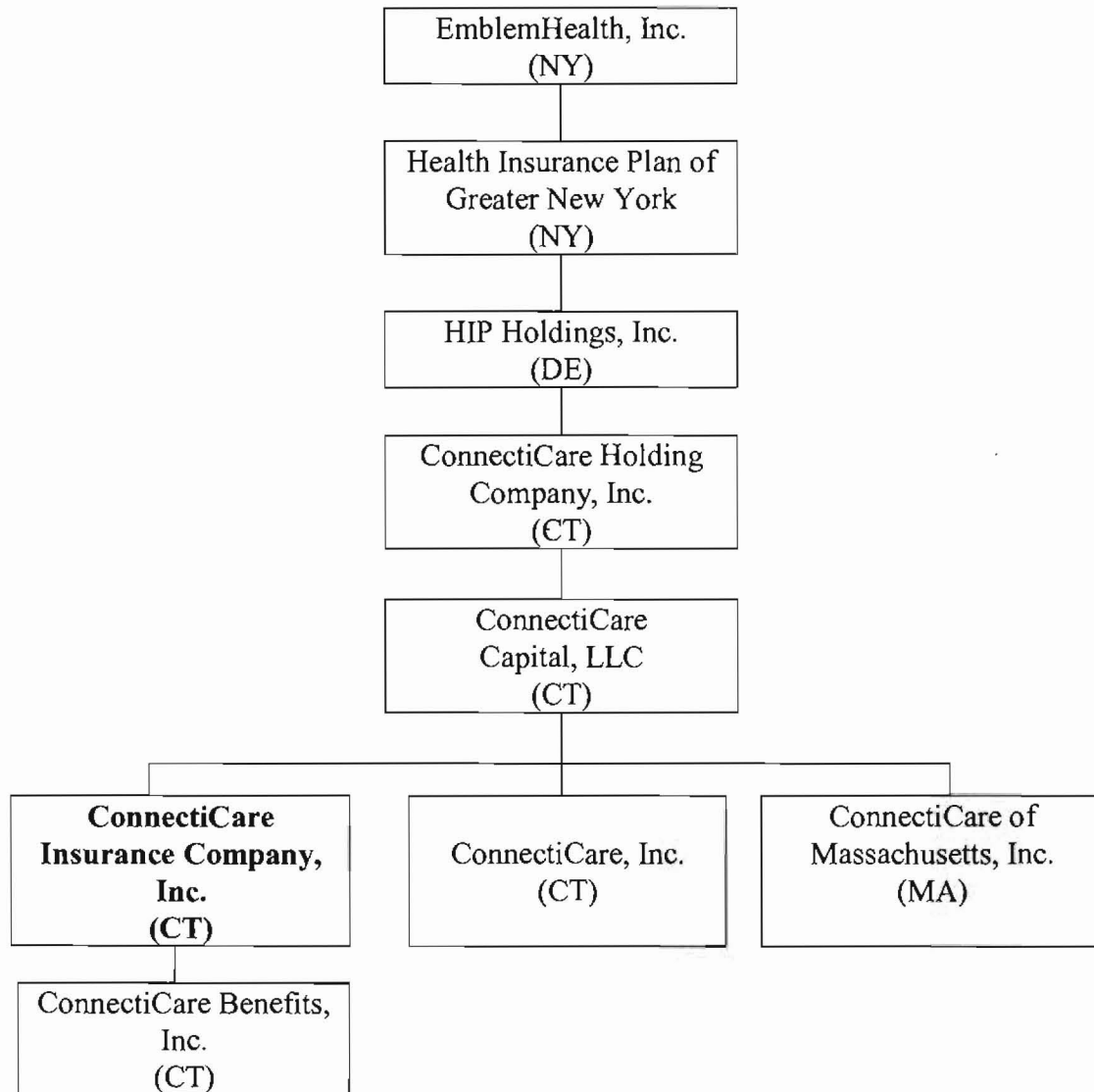
The Company was incorporated in Connecticut on April 30, 2001, and was licensed to conduct accident and health business in Connecticut on December 18, 2001. On June 19, 2001, an application seeking approval of acquisition of control of ConnectiCare Holding from the Connecticut Health Foundation by Carlyle Partners Holding, LLC (Carlyle) and Liberty Partners Holding, LLC (Liberty) was approved by the Department. The closing was consummated on June 22, 2001. The ultimate owners of ConnectiCare Holding Company, Inc. (ConnectiCare Holding), following the close in June were Carlyle (60%) and Liberty (40%). There were subsequent investments for a minority share by new equity investors and senior management investors.

As part of this restructuring, 100% ownership of the Company was transferred from ConnectiCare Holding to ConnectiCare Capital, LLC (ConnectiCare Capital). ConnectiCare Capital was formed primarily to secure debt financing required by the restructuring transaction. A credit facility of \$70 million was put in place with ConnectiCare Capital consisting of a \$55 million term loan and a \$15 million revolving line of credit, of which \$2.2 million was drawn at closing.

The Company is a wholly-owned subsidiary of ConnectiCare Capital, a wholly-owned subsidiary of ConnectiCare Holding. On January 19, 2005, the Department approved the acquisition of ConnectiCare Holding by Health Insurance Plan of Greater New York (HIP). On March 10, 2005, ConnectiCare Holding and its subsidiaries were acquired by Health Insurance Plan Holding, Inc. (HIP Holding), a Delaware domiciled holding company, wholly-owned by HIP, a not-for-profit company domiciled in the State of New York. On November 15, 2006, the board of directors of Group Health Incorporated (GHI), a New York not-for-profit health insurer, changed the bylaws of GHI, making HIP Foundation, Inc. the sole corporate member of GHI. As a result of this change, GHI and HIP came under common control and operated as affiliated companies. The name HIP Foundation, Inc. was changed to EmblemHealth, the Company's ultimate parent.

ORGANIZATIONAL CHART

The following is an organizational chart of the insurance holding company system at the end of the examination period:



MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system as defined in Sections 38a-138.1 to 38a-138.1b of the Connecticut Insurance Regulations (Regulations) and Section 38a-135 of the CGS.

The bylaws of the Company require all meetings of the shareholders to be held at any location as the directors may determine. The annual meeting of the shareholders is held on any date and

CONNECTICARE INSURANCE COMPANY, INC.

place that the directors may designate. The business conducted at the annual meeting may include the election of directors and any other business that may be brought before the meeting.

Special meetings of the shareholders may be called by the Chairman of the Board (Chairman), the president, the secretary or by the Board. The presence at any meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the shares issued and outstanding shall constitute a quorum for the transaction of business.

The bylaws provide that the Board exercise all of the powers of the corporation except such powers conferred upon or reserved to the shareholders of any class or classes by law, the corporation's Certificate of Incorporation (Certificate) or the bylaws. The number of directors shall consist of two to ten members, as determined by resolution adopted by the Board.

The Board shall meet each year immediately following the annual meeting of shareholders for the purpose of organization, election of officers, and consideration of such other business as the Board considers relevant to the management of the corporation. Regular meetings of the Board shall be held as determined by the Board. Special meetings shall be held at the call of the Chairman or the secretary, at the written request of a majority of the directors.

A majority of the members of the Board shall constitute a quorum for the transaction of business, unless by express provision of law, or the Certificate or the bylaws, a different vote is required, in which case such express provision shall govern and control.

Directors serving the Company at December 31, 2014, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Frank J. Branchini	President and Chief Executive Officer, EmblemHealth, Inc.
Michael R. Wise	President, ConnectiCare Companies

Audit and Finance Committee:

Pursuant to the corporate bylaws, the Board may, by a vote of a majority of the directors, designate one or more committees, each consisting of two or more directors, to exercise the powers and authority of the Board in the management of the business and affairs of the Company. The NAIC Model Audit Rule permits the Audit Committee for an entity that controls a group of insurers to be deemed the Audit Committee for one or more of its insurance subsidiaries. The holding company's Audit Committee is responsible for overseeing the Company.

Audit Committee Directors serving the Company at December 31, 2014, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Frank J. Branchini	President and Chief Executive Officer, EmblemHealth, Inc.
Richard Hurley	Director, Independent Member

CONNECTICARE INSURANCE COMPANY, INC.

Eileen Kraus Director, Independent Member

Officers

Pursuant to the corporate bylaws, the elected officers shall be the president, one or more vice presidents, a secretary and a treasurer. All shall hold office for one year and until a successor shall have been duly elected and shall qualify.

At December 31, 2014, the executive officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Michael R. Wise	President
Frank A. Scalise	Chief Financial Officer and Treasurer
William Mastro	Corporate Secretary

RELATED PARTY TRANSACTIONS

In connection with shared service agreements between the parent, the Company and other affiliates, certain costs, including facilities and services were purchased jointly on behalf of the Company, the parent and affiliates in the ordinary course of business. The Company has the following key intercompany agreements in place:

Tax Sharing Agreement

The Company is a party to a Tax Sharing Agreement with HIP Holding, whereby HIP Holding files a consolidated federal income tax return for all affiliated companies. The consolidated tax liability is allocated among affiliates in the ratio that each affiliate's separate return tax liability bears to the sum of the separate tax return liabilities of all affiliates that are members of the consolidated group.

Shared Services Agreement

The Company is a party to a Shared Services Agreement with and among the ConnectiCare affiliated companies as of January 1, 2002, and amended and restated as of August 22, 2012, to include CBI as a party to the agreement. The agreement provides for the Connecticut affiliated companies the use of certain personnel, facilities, equipment, personal property, licenses and contracts owned, leased or maintained by the other affiliates for fair value. Services provided under this contract include provider contracts, consulting contracts, legal advice, general office supplies, marketing and advertising, use of facilities, information systems, insurance, and utilization review services.

Administrative Services Agreement

The Company is a party to an Administrative Services Agreement with EmblemHealth Services Company LLC, dated as of September 18, 2008, and amended and restated as of August 22, 2012. Services provided under this contract include financial and accounting services (including

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actuarial), banking and treasury operations, investment custodial services, underwriting, forms and rates, claims processing, utilization review, credentialing, marketing, agency development, member services, fraud and abuse investigation, personnel, information systems, legal, and government relations, on a cost basis.

Under the agreement, CCI also delegates specific Medicare services to EmblemHealth Services Company LLC that includes sales, enrollment and premium billing, member services, provider services, and claims administration, monitoring, tracking and liability recovery.

Administrative Services Agreement

The Company is a party to an Administrative Services Agreement with EmblemHealth Administrators, a Florida corporation (EHA), dated as of September 18, 2008, and amended and restated as of August 22, 2012. This agreement provides services of certain personnel, facilities, equipment, personal property, licenses, and contracts owned or leased by EHA. The services provided under this agreement are for claims processing, member services, and information systems, on a cost basis.

INSURANCE COVERAGES

The Company's parent, EmblemHealth, maintains fidelity bond coverage through various insurers. The Company is covered for employee dishonesty by a commercial crime policy issued by Great American Insurance Company. The limit of liability exceeds the suggested minimum limits of insurance pursuant to the Handbook.

In addition to fidelity bond insurance, EmblemHealth and its subsidiaries maintain, with various insurance carriers, insurance coverage including property, directors and officers, managed care errors and omissions, general liability, workers' compensation, umbrella, employee benefits, fiduciary liability, employed lawyers' liability and cyber risk liability.

TERRITORY AND PLAN OF OPERATIONS

Licensing Information

The Certificate, filed in the State of Connecticut with the Secretary of State, authorizes the Company to write accident and health insurance and to engage in any lawful act or activity associated with the operation of an accident and health insurance business.

The Company may engage in any one or more lawful acts or activities in which a corporation which is organized under the Connecticut Business Corporation Act may engage. The Companies were provided authorization on April 10, 2001, by the State of Connecticut Insurance Commissioner to form a stock corporation under and subject to the provisions of Chapter 601 of the CGS, for the purposes of conducting the business of an insurance company. The Company is licensed to write business only in the State of Connecticut.

Plan of Operations

The Company underwrites and provides group coverage for coinsurance plans and Individual Point of Service (POS) products in the State of Connecticut, in addition to administering and

underwriting FlexPOS, Preferred Provider Organization (PPO), Administrative Services Only (ASO)/Self-funded services, and Dental products.

Distribution

The Company uses particular distribution channels for its employer size-based market segments. The majority of business is sold through broker networks.

REINSURANCE

Assumed Reinsurance

The Company does not assume reinsurance liability.

Ceded Reinsurance

The Company's ceded reinsurance arrangement effective January 1, 2013, primarily consists of a stop loss agreement with RGA Reinsurance Company (RGA). The reinsurance coverage provides stop loss recovery above the Company's \$1.25 million deductible. Prior to the RGA reinsurance agreement and effective January 1, 2010, the Company maintained an excess of loss reinsurance agreement with HIP Insurance Company of New York. The net retention is \$750,000 of the loss for each commercial HMO and POS member. The maximum reinsurance coverage is \$4,250,000 per commercial member.

The Company also participates in the Connecticut Small Employers Health Reinsurance Pool (CSEHRP). This mandatory pool allows the Company to cede members to the pool who are expected to be high utilization and high cost individuals. The Company pays reinsurance premium to CSEHRP on these individuals, and submits, for reimbursement, its incurred claims in excess of the \$5,000 deductible. In addition, an annual assessment is charged by CSEHRP, which allows the pool to sustain itself.

As part of the Affordable Care Act (ACA), and effective January 1, 2014, the Company began participating in the U.S. Department of Health and Human Services (HHS) reinsurance program. The HHS reinsurance plan provides a safeguard against high risk individuals with high medical costs during the first three years of the ACA's insurance market reforms. All ACA-compliant, non-grandfathered plans on the individual market, both inside and outside the exchanges, are eligible for reinsurance payments. Through regulation, HHS determined that a high risk covered insured will be based on the cost of actual medical claims. For 2014, a health plan became eligible for reinsurance payments when an enrollee reached a \$45,000 medical cost attachment point. Reinsurance payments stopped when medical claims reached a cap of \$250,000 in 2014. In 2014, the federal government guaranteed that it would reimburse the plan for at least 80% of the claim costs between the attachment point and the cap. The federal government subsequently guaranteed 100% of those costs.

INFORMATION TECHNOLOGY CONTROLS

An evaluation of IT controls was conducted in accordance with the Handbook utilizing the responses received from Exhibit C Part One – Information Technology Planning Questionnaire

(ITPQ) to develop a customized version of Exhibit C Part Two – Evaluation of Controls in Information Technology Work Program. The review was conducted to obtain a high-level overview of the Company's IT environment and to gain an understanding of and evaluate the effectiveness of the Company's general IT controls in mitigating common IT risks.

The evaluation of IT controls focused on the following areas: management and organizational governance; data processing infrastructure; program change controls; system development controls; logical and physical security; and business continuity plans.

No material findings were noted during the review of the significant risks associated with the IT environment.

ACCOUNTS AND RECORDS

The Company utilizes the PeopleSoft system for its general ledger and accounts payable reporting and the AMISYS system for insurance processing. The Company utilized Booke Seminars, "The Complete Package" for preparation of the Annual Statement.

AMISYS is the information system used to maintain membership, billing, revenue, cash application, accounts receivable, and provider claim and capitation data. AMISYS is structured to provide reporting required to meet statutory and product line reporting. The Company also uses Emblem Health's QCare system for Medicare member servicing and claims payment processing.

The Company utilizes the services of an outside asset management firm to maintain its investment financial records and manage its investments.

General ledger account balances were reconciled and traced to the amounts reported in the annual statement for 2013 and 2014. Further detail analyses were performed on the individual accounts throughout the examination.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2014. No adjustments were made to surplus as a result of the examination.

ASSETS

Account Description	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$66,154,724		\$66,154,724
Common stocks	29,656,280		29,656,280
Cash, cash equivalents and short-term investments	9,180,050		9,180,050
Investment income due and accrued	395,240		395,240
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	21,429,814	\$612,643	20,817,171
Reinsurance:			
Amounts recoverable from reinsurers	13,368,727		13,368,727
Amounts receivable relating to uninsured plans	1,352,128		1,352,128
Current federal and foreign income tax recoverable and interest thereon	4,615,173		4,615,173
Net deferred tax asset	2,019,599		2,019,599
Receivables from parent, subsidiaries and affiliates	2,797,771		2,797,771
Health care and other amounts receivable	5,149,499	944,238	4,205,261
Aggregate write-ins for other than invested assets	4,874,778	1,049,371	3,825,407
Total assets excluding Separate Accounts, Segregated accounts and protected cell accounts	160,993,783	2,606,252	158,387,531
From Separate Accounts, segregated accounts and protected cell accounts	0	0	0
Total	<u>\$160,993,783</u>	<u>\$2,606,252</u>	<u>\$158,387,531</u>

CONNECTICARE INSURANCE COMPANY, INC.

LIABILITIES, CAPITAL AND SURPLUS

Account Description	Covered	Uncovered	Total
Claims unpaid	\$47,178,814	\$1,061,282	\$48,240,096
Accrued medical incentive pool and bonus amounts	1,027,578		1,027,578
Unpaid claims adjustment expenses	287,326		287,326
Premiums received in advance	9,888,495		9,888,495
General expenses due or accrued	9,037,907		9,037,907
Amounts due to parent, subsidiaries and affiliates	3,336,685		3,336,685
Funds held under reinsurance treaties	783,742		783,742
Liability for amounts held under uninsured plans	2,813,992		2,813,992
Aggregate write-ins for liabilities	14,523,667		14,523,667
Total liabilities	\$88,878,206	\$1,061,282	89,939,488
Aggregate write-ins for special surplus funds			10,319,127
Common capital stock			500,000
Gross paid in and contributed surplus			28,000,000
Unassigned funds (surplus)			29,628,916
Total capital and surplus			68,448,043
Total liabilities, capital and surplus			<u>\$158,387,531</u>

CONNECTICARE INSURANCE COMPANY, INC.

STATEMENT OF REVENUE AND EXPENSES

	Uncovered	Total
Member months		1,400,678
Net premium income		\$544,903,476
Total revenues		544,903,476
Hospital and Medical:		
Hospital/medical benefits	\$10,251,452	376,405,038
Other professional services		2,121,961
Prescription drugs		73,262,945
Incentive pool, withhold adjustments, and bonus amounts		1,552,578
Subtotal	10,251,452	453,342,522
Less:		
Net reinsurance recoveries		17,185,123
Total hospital and medical	10,251,452	436,157,399
Claims adjustment expenses		10,300,721
General administrative expenses		94,444,661
Total underwriting deductions	\$10,251,452	540,902,781
Net underwriting gain or (loss)		4,000,695
Net investment income earned		1,093,492
Net realized capital gains or (losses)		(2,045)
Net investment gains or (losses)		1,091,447
Aggregate write-ins for other income or expenses		958,290
Net income or (loss) after capital gains tax and before all other federal income taxes		6,050,432
Federal and foreign income taxes incurred		3,334,112
Net income		<u>\$2,716,320</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus prior reporting period	\$37,901,107
Net income	2,716,320
Change in net unrealized capital gains and (losses)	12,649,609
Change in net deferred income tax	1,484,946
Change in nonadmitted assets	(2,314,093)
Gain in unauthorized and certified reinsurance	10,151
Surplus adjustments: Paid in	16,000,000
Net change in capital and surplus	30,546,933
Capital and surplus end of reporting period	<u>\$68,448,040</u>

<u>CLAIMS UNPAID</u>	\$48,240,096
<u>ACCRUED MEDICAL INCENTIVE POOL AND BONUS AMOUNTS</u>	\$1,027,578
<u>UNPAID CLAIMS ADJUSTMENT EXPENSES</u>	\$287,326
<u>AGGREGATE HEALTH POLICY RESERVES</u>	\$0

The Department retained RRC to conduct an assessment of the Company's reserving, pricing and underwriting and liquidity risks, as of December 31, 2014. Consistent with the risk focused surveillance approach to the examination, RRC relied upon analyses and tests documented by the Company and in the working papers of the Company's independent auditors.

Reviews of the Company's primary lines of business were conducted to determine whether the Company's reserves were established in accordance with minimum standards for the valuation of liabilities specified in the Connecticut Standard Valuation Law, Actuarial Guidelines and applicable Actuarial Standards of Practice. In performing the reserve review and analysis, RRC conducted the following:

- Reviewed and analyzed statutory Annual Statements for 2013 and 2014, and inquired into other recent years covered under the examination period;
- Met with Company management to understand the business of the Company, its procedures governing actuarial calculations, its approach to risk management, and its likely areas of financial and business risk;
- Reviewed tests performed by the Company's actuaries and its independent auditors and performed independent supplemental reserve calculations;
- Reviewed experience study information compiled and provided by the Company in support of the major assumptions used in the asset to liability analysis; and
- Reviewed and analyzed the Company's Statement of Actuarial Opinion, including the 2013 and 2014 Actuarial Memorandum, and inquired into other recent years covered under the examination period.

Assessment of Reserve Risk

RRC was engaged to assist the Department in reaching a conclusion regarding the risk that actual losses or other contractual payments reflected in the corresponding reserves will be greater than the carried liabilities. For some products or exposures this risk includes a consideration that reserves plus future revenue, less expenses, will be insufficient to pay future benefits. RRC reviewed the SOX related controls regarding the claim liability and reserving processes. Where SOX related controls were not in place, independent testing was performed.

Various tests have been performed to verify the appropriateness of the processes and the actual calculations for the policy reserves, claim reserves and the contract claims liabilities. RRC verified that the reported reserves and liabilities are consistent with those calculated by the Company's actuaries, and the results of their analysis show that the reported liability is sufficient to cover the expected future claims.

Assessment of Pricing and Underwriting Risk

RRC assisted the Department in reaching a conclusion regarding the risk that pricing and/or underwriting practices are inappropriate for the risks assumed. The review noted that the Company's pricing area sets medical trends encompassing both unit cost changes and utilization changes and works directly with the Underwriting Department on methodology clarifications or updates to ensure pricing and strategies are appropriate. RRC concluded that, overall, the Company's rating process and pricing methodology is reasonable and is consistent with Company procedures.

Assessment of Liquidity Risk

RRC assisted the Department in reaching a conclusion regarding the ability of the Company to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses. This may arise with the occurrence of an event such that the insurer will not have enough cash resources or liquid assets to meet its cash obligations. Based on a review of the Actuarial Memorandum and other analysis of the Company's assets and liabilities, RRC concluded that liquidity risk does not appear to be a major concern for the Company.

Medical Loss Ratio (MLR)

The ACA requires insurers to spend a minimum percentage of premium dollars on medical services and activities designed to improve health care quality. The Department reviewed and tested the Company's processes and controls designed to mitigate specific risks associated with the determination of its MLR rebate liability. The Company did not have an MLR rebate liability as of December 31, 2014. No significant exceptions were identified.

AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS

\$10,319,127

As of January 1, 2015, the Company is subject to an annual fee under section 9010 of the ACA. The annual fee is allocated to each insurer based upon its ratio of net premiums written during the preceding calendar year, to the aggregate net written health premiums for all providers. Total net written premiums are reduced by ceded reinsurance premium, reinsurance commissions, and MLR rebates. In 2014, the aggregate amount of the ACA fee to be collected across all applicable health insurers was \$8 billion. As of December 31, 2014, the Company estimated that its portion of the annual health insurance industry fee, payable on September 30, 2015, is \$10,319,127. The fees are non-deductible for federal tax purposes.

CONNECTICARE INSURANCE COMPANY, INC.

COMMON CAPTIAL STOCK

\$500,000

At December 31, 2014, there were 20,000 shares of common stock authorized and 100 shares issued and outstanding, having a par value of \$5,000 per share. All of the issued shares are owned by ConnectiCare Capital, with the ultimate parent being EmblemHealth. The Company paid the following dividends to its parent during the examination period:

Year	Amount	Dividend Type
2012	\$3,000,000	Ordinary
2011	\$2,500,000	Ordinary

GROSS PAID IN AND CONTRIBUTED SURPLUS

\$28,000,000

The following reflects the balance of this account during the period under review:

2013	\$12,000,000
2012	\$12,000,000
2011	\$11,000,000

In 2012, CICI's Board approved the formation of CBI as a subsidiary and the capital contribution of \$1million from ConnectiCare Capital to CICI for the formation of CBI.

In 2014, CICI's Board approved a capital contribution of \$16 million from ConnectiCare Capital to CICI for the purpose of disbursing funds to CBI due to expected capital volatility.

UNASSIGNED FUNDS (SURPLUS)

\$29,628,916

The following reflects the balance of this account during the period under review:

2013	\$25,401,107
2012	\$11,240,113
2011	\$ 9,683,716

During the period under examination surplus increased primarily due to net income.

CONCLUSION

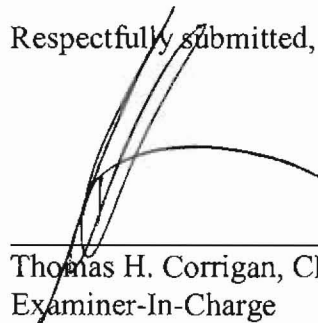
The results of this examination disclosed that, as of December 31, 2014, the Company reported admitted assets of \$158,387,531, liabilities of \$89,939,488, and surplus of \$68,448,043. During the period under examination, admitted assets increased \$129,294,853, liabilities increased \$75,520,934, and surplus as regards policyholders increased \$53,773,916.

SIGNATURE

In addition to the undersigned, the following members of the State of Connecticut Insurance Department participated in the examination: Philip Barrett, CFE, PIR; Tricia Dave, FSA, MAAA; Ronald Jankoski, CFE; Keith Kleindienst, CFE; Kent Krajick, CFE; Mark Murphy, CFE; Andrew Rarus, ASA, MAAA; Kenneth Roulier, AFE, AES, CISA; and the professional services firm, RRC.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2014, to the best of my information, knowledge and belief.

Respectfully submitted,



Thomas H. Corrigan, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, Patricia A. Butler
Notary Public on this 13th day of August, 2015.

Patricia A. Butler
Notary Public

My Commission Expires September 30, 2018